



Frequently Asked Questions

February 29, 2012 (update).

Q. The CC&R wording says the effective date is January 1, 2012. If I sell my house before the FACE fee consent ballot passes, will the BUYER have to retroactively pay the fee?

A. No, The effective date of the New Owner Special Assessment (FACE Fee) will go into effect on all homes or lots that open escrow for purchase on or after the first of the month following the date the FACE Fund Amendment goes into effect. For example, if the FACE Fund Amendment goes into effect on May 1, 2012, then any new owner of a home or lot that begins the escrow process on June 1, 2012, or thereafter is obligated to pay the New Owner Special Assessment. As a further example using May 1, 2012 as the date the amendment went into effect, if the purchase of a home closes on or after June 1, 2012, but the escrow process first began in May of 2012 or earlier, then the new owner is not obligated to pay the assessment on that purchase.

Q. Will homeowners have a say in how the FACE Funds are spent?

A. Yes, the Master Planning Committee has proposed a process that includes several opportunities for homeowner input including a homeowner vote if the project exceeds specific threshold. More information is available on the IronOaks website.

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February 12, 2012 (update)

**Q. Is there a time limit for the One Time Exemption?**

**A.** No. Anyone who is a homeowner on January 1, 2012 is eligible for a one time exemption. If a current homeowner acquires another home in IronOaks they are eligible to receive a onetime exemption from the fee. It does not matter when you acquire another home.

**Q. Every new buyer will pay the same fee. Would it be better if the FACE Fee was based on the value of the home they purchase?**

**A.** Just as our annual dues are collected equally from each lot owner, so should the FACE Fee be an equal amount. The Fees collected will be used for the growth and improvement of our amenities and common areas. Our amenities and common areas are available equally to all homeowners regardless of the value of their home.

**Q. Will buyers for the Villas have to pay an additional fee?**

**A.** No. The FACE Fee will be the same for any new buyer. Villa owners do pay an additional fee for the maintenance of the exterior of their home and landscaping. This will not change.



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### **Q. Will the FACE Fee be retroactive to January 1st?**

**A.** No. The New Owner Special Assessment will go into effect on all homes or lots that open escrow for purchase on or after the first of the month following the date the FACE Fund Amendment goes into effect. For example, if the FACE Fund Amendment goes into effect on May 1, 2012, then any new owner of a home or lot that begins the escrow process on June 1, 2012, or thereafter is obligated to pay the New Owner Special Assessment. As a further example using May 1, 2012 as the date the amendment went into effect, if the purchase of a home closes on or after June 1, 2012, but the escrow process first began in May of 2012 or earlier, then the new owner is not obligated to pay the assessment on that purchase.

### **Q. Does the FACE Fee amendment give the Association new spending authority?**

**A.** No. The language in the amendment does not grant the Board new or expanded authority. The current CC&R's are written such that the Board already has very broad authority to act in the interest of the Association. Current CC&R's, Article IX, Section 1 "Purposes for Which Association's Funds May Be Used" the Association shall apply all funds and property collected and received by it.....for the common good and benefit of Oakwood Country Club and the Members and Residents by devoting such funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without Oakwood Country Club, which in the Board's determination may be necessary, desirable or beneficial to the general common interests of Oakwood Country Club, the Members and the Residents."

The language in the FACE Fee amendment clarifies the authority already expressed in Article IX, Section 1. It does not grant any authority which does not already exist.

The FACE Fee simply allows the Association to create a new source of income, paid by the buyers of resale homes. .

### **Q. Shouldn't homeowners have a say in the use of the funds?**

**A.** Of course. The Master Planning Committee has completed their Operating Policies, Procedures and Approval Levels for FACE Fund project. Homeowner input is imperative at every phase of this review process. Additionally, at the Boards request, the Master Planning Committee has proposed a policy addressing expenditure controls relating to the FACE Fund. This policy was on the agenda for the February 25th Board Meeting. Projects with a total cost of 20% or greater of the prior year's total annual homeowner assessments shall require the majority vote of the voting homeowners to be approved.

### **Q.What if I don't return in my Consent Form?**

**A.** Approval of the amendment requires 2,010 lot owners to mark "Yes" on the consent form. To defeat the amendment requires 2,010 lot owners to mark "No" on the consent form. Not returning the consent form will result in the ballot being open for a longer period of time until 2,010 ballots are returned.



## Frequently Asked Questions

**Q. There is a CC&R Revision Committee working on the CC&Rs now. Should we wait until they are finished to decide on the FACE Fund?**

A. No. Please keep the approval of the FACE Fee separate from any CC&R changes that would change or modify the authority of the Association. If the FACE Fee is NOT approved it will not stop the Association’s obligation to maintain and plan for the growth of our community. It will mean that funding for the capital improvements must come solely from increased annual dues or special assessments to current homeowners. We will lose the additional revenue the FACE Fee would generate.

As mentioned we have an ad hoc CC&R Revision Committee that is beginning its second year of work. This is a daunting and time consuming task. The CC&R Revision Committee is looking at how various changes will affect other provisions in the CC&Rs as well as the obligations of the Association as defined by Arizona State Statues. Any proposed changes that would affect the authority of the Association should come from this committee after they have been thoroughly vetted. It would be irresponsible to circumvent their work.

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February 1, 2012

Q. What is the FACE Fund?

A. **FACE** stands for **F**acility **A**nd **C**ommunity **E**nhancement. The proposed fund will be used to pay for future IronOaks community projects and upgrades.

Q. Why is the FACE Fund needed?

A. Neither the annual operating budget nor the Reserve Fund are available to address our capital improvement needs in the future. If we want to invest in improvements to our community, we need to set up an appropriate funding mechanism to pay for it, or we will have to depend on Special Assessments for most projects.

Q. The Reserve is well funded; why can’t we finance projects from there?

A. The Reserve Fund is limited to replacement or repair of assets already owned by the HOA. Its funds are allocated for specific items listed in the reserve study and cannot be used for ‘new’ assets. Examples of items in the Reserve include our roads, restaurant equipment, building equipment, certain maintenance equipment, furnishings, tennis courts, some fitness equipment and similar items with value exceeding \$1000. There is also an amount presently in the reserve for “remodeling” our existing buildings, though whether that should be moved to the FACE fund would have to be determined by the Board. A portion of that reserve category (\$1.2 million) was already utilized to upgrade some of the amenities we purchased from the developer.

Q. How would we distinguish FACE Fund projects from the Reserve Fund expenditures?

A. The Reserve fund can only be used for existing assets that have been identified and listed within the reserve study. The FACE Fund will be used to acquire new assets, build new facilities or add enhancements to our existing assets.



Frequently Asked Questions

Q. What types of acquisitions or projects would the FACE Fund be used for?

A. Use would be limited to capital improvements such as a new building, additional land, or a major remodel of an existing facility/amenity. FACE Fund would also be used for funding enhancements or upgrades to existing facilities or amenities, perhaps in conjunction with Reserve fund allocations for planned repair/replacement projects. For example, if we used reserve funds to replace our ballroom furniture as scheduled, we might utilize enhancement funds from FACE to upgrade those furnishings. Among several current projects under consideration are expansion of the fitness center, upgrades to the Oakwood bar, improvements at Halley gate in Ironwood and addition of more administrative space for the Association.

Q. How will the Board determine what monies in the FACE Fund will be spent on?

A. While the Board may have the ultimate decision to approve funds, the determination of WHAT, WHEN and HOW will be in the hands of homeowners. The HOA Board (at the request of the FACE Fund Committee), unanimously passed a resolution, at its January 4th meeting, that declared a moratorium on any spending from the FACE Fund until such time that there are Processes, Procedures and Safeguards in place to oversee the use of FACE Funds.

The Master Planning Committee is preparing an oversight and implementation control program for the FACE Fund, which will be discussed with homeowners before a final proposal is offered to the Board. The process will incorporate essential controls consistent with the objectives of an overall strategic plan for IronOaks, and help ensure a sound financial future for the community.

Q. Why do we need to change the CCR's?

A. Our current governing document only includes provisions for Annual Assessment of members, and Special Assessments. Without adopting the Capital Improvement fee assessment provision, all future community improvements would be dependent on either the Annual or Special Assessments.

Q. How will the FACE Fund be financed?

A. The proposal is to charge a 'Capital Improvement' fee to all **new home buyers**. Homeowners must authorize a change to the CC&Rs before such a fee can be put into effect.

Q. How much will the fee amount to?

A. The committee is proposing that we follow the same pattern as our sister communities when we amend our CCRs and set the maximum fee to be not more than one year's HOA dues assessment, \$1520 in our case. The actual fee charged could then be set by the Board in response to funding needs, up to the maximum established by homeowners through the CCRs.



Frequently Asked Questions

Q. How much money are we talking about each year?

A. It depends. Like most other communities in our market, up to 5% of homes may change hands every year. Based on current sales figures; 140 to 180 homes in IronOaks would close each year. This means that \$210,000 to 270,000 could go into the fund in the first full year. This will put us in a position to plan better for our future priorities, and have money available to fund them without resorting to special assessments.

Q. How will the capital improvement fee be collected?

A. If the Capital Improvement fee is approved by homeowners, it will be collected by the title company from the **Buyer** at closing of a home sold in IronOaks. It will be included with other fees associated with the transfer of ownership.

Q. I live in the Villas and pay an additional assessment to the Villa HOA. Will the FACE Fee be higher to the buyer of a Villa?

A. No. The FACE Fee will be the same for any buyer of a resale property in IronOaks.

Q. Are we sure that the Buyer will pay this fee, not the seller?

A. According to a number of realtors that we contacted, this fee is 'sometimes' questioned but when explained to buyers that the fee will go a long way to preventing special assessments, the vast majority of buyers have no problem with it. Realtors also stated that although any fees can be negotiated, the seller does not usually agree to paying the capital improvement fee since it only benefits the buyer. Closing documents support this conclusion. There is no way to tell if the buyer factors it into their offer.

Q. Are other Sun Lakes communities charging this fee?

A. Yes, Currently IronOaks is the only Sun Lakes community that does NOT have such a fee. Cottonwood/Palo Verde (phase II) and Sun Lakes Country Club (phase I) are all charging this fee and have been for quite some time now. Other communities near us which collect such a fee include: Sunbird, Springfield, Solera and Trilogy. **A list of other communities is posted on the FACE Fund web page.**

Q. Will this fee make my home less desirable than a home in another Active Adult Community.

A. Quite the opposite. According to several realtors, most buyers looking for homes in active adult communities are aware that a capital improvement fee is being charged at close of escrow and they are educated in the need for the fund. The fact that we do not currently have one in place (especially when the other communities do) could lead a buyer to wonder how IronOaks desirability will be maintained without the funds necessary to make updates and improvements. The only alternative would be to either let the community fall into disrepair or impose special assessments on the homeowners whenever the need arises. Either one could potentially make our homes less desirable than homes in other communities that do have a fee in place.



Frequently Asked Questions

Q. If I sell my home in IronOaks and buy another one will I be charged this fee?

A. No. The committee has proposed that a current owner in IronOaks be allowed a one-time exemption should they sell their existing home in IronOaks and buy another one within IronOaks. This is the same policy adopted by the other Sun Lakes Communities.

Q. Is the Capital Improvement for FACE fee the only method to finance this fund?

A. No. It is also possible that the board may choose to re allocate part of the existing \$300 of annual dues currently put aside each year in the Reserve Fund, in order to front load the FACE Fund. A regular allocation from the Annual Assessment or a designated Special Assessments may also be used to fund the FACE account.

Q. Will this fund eliminate the need for special assessments?

A. There is no guarantee but it will certainly reduce the likelihood of a special assessment. It is possible that something unforeseen in our future, such as an improvement of significant value, will require the board to consider a special assessment. However, special assessments, depending on amount, may require a vote of homeowners to approve.

Q. Who can submit requests for use of these funds?

A. The committee is recommending that IronOaks follow guidelines similar to those established in Sun City Grand. In their model, anyone can submit a request: Individual Homeowners, Staff, Committees and Board Members. An investigative process will be developed as part of Strategic Planning to help us evaluate the worthiness of various proposals, and establish priorities.

Q. What kind of controls will be placed on the money in this fund?

A. The Master Plan Committee is in the process of establishing a detailed procedure that will help ensure careful oversight of spending proposals. A final strategic plan document, subject to homeowner input and Board approval, will encompass the role homeowners, committees, staff and the Board will play in approving projects and setting priorities.

Q. Who controls how funds will be allocated for projects?

A. As in all Associations, the IronOaks Board has the final say on the expenditure of any monies. However, no money can or will be spent before a process and policy is in place to assure homeowners that each project gets an appropriate review before going forward, including an opportunity for homeowners to review and comment on the proposal. The Master Plan Committee is in the process of establishing detailed guidelines and policies for the use of the funds.

Q. Will homeowners get to vote on the proposed guidelines and policies?

A. No, however, Master Plan Committee will be gathering input from homeowners on the content and wording of our strategic oversight procedures. Following development of the guidelines, the Association will post them for at least 30 days on the IronOaks website for homeowner review and comment. After that time, the Board will either incorporate any suggestions for change or not, and the policy would then be considered by the board for final approval or rejection.



Frequently Asked Questions

Q. If the FACE fund was in place in 2010 would it have been used for the amenities purchase?

A. Possibly. If the F.A.C.E. fund had been in place when the transition from builder to homeowners took place, accumulated funding may have reduced the amount of the special assessment required to purchase the amenities.

Q. How long will it be before the community can submit ideas for use of the funds?

A. We don't know for sure yet. It is important to remember that this Fund is primarily for large projects that might not be possible without a special assessment. There will be policies and procedures in place that will need to be followed. The community will need to be informed about each project after thorough analysis has been performed.

Q. Should we even be considering investing in capital improvements and enhancements in a down economy?

A. While there is no ideal time for investing in community improvements, it is essential that we promote the quality and desirability of IronOaks even in a down economy. Home buyers are still looking for active adult communities where they can live the lifestyle we've enjoyed these past several years. Therefore, improvements to our community will translate into enhanced home values for current residents and help us maintain a viable home sales market. In addition, current residents do not want to see our current facilities and amenities become obsolete, reducing their quality of life. The FACE Fund is one key tool we need to meet these challenges.

Q. What is or are the changes necessary to the CCR's?

A. Put simply, the change describes the FACE FUND and its purpose, and establishes how it will be funded.

Q. What are the voting procedures and requirements needed to change the CCR's?

A. As written, our CCRs require approval of 50% plus one of member households to make changes, along with approval of the developer. Therefore, the Board would offer a 'Written Consent' ballot process to residents similar to the one conducted in the past to resolve recreational vehicle parking. Once 50% plus one household returns a ballot approving the measure, it becomes official unless the developer disapproves. We are in contact with the development company to ensure they will have no objection.